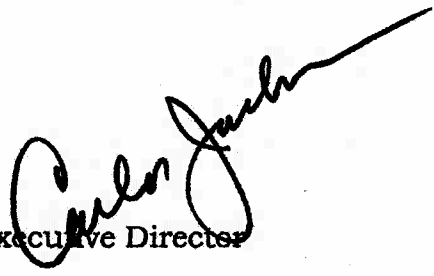


Community Development Commission

November 13, 2006

To: Each Supervisor

From: Carlos Jackson, Executive Director



**SUBJECT: NOTICE OF FUNDING AVAILABILITY (NOFA) FOR
AFFORDABLE HOUSING PROJECTS**

This is to advise that the Community Development Commission (Commission) and Housing Authority (HACoLA) are combining the Requests for Proposals (RFPs) for the Commission's HOME affordable rental and the City of Industry's Affordable and Special Needs housing funding into one Notice of Funding Availability (NOFA) for the 2006/2007 fiscal year. This year, the NOFA will make available approximately \$6,500,000 in HOME funds and approximately \$24,000,000 in City of Industry funds to be used for acquisition, predevelopment and capital expenditures associated with developing affordable housing. Although the HOME and City of Industry's Affordable and Special Needs programs are each made available through the NOFA, each program will retain its own funding pool, eligibility and unique scoring criteria.

To simplify the funding application process, both the NOFA and its application have been significantly streamlined. Comments from program users and representatives from local jurisdictions were taken into consideration to make the process more effective. The following is an overview of the changes incorporated in the NOFA:

Funding:

- The maximum award per project for City of Industry funds will be increased from \$2 million to \$3 million due to the increased cost of construction.
- Industry Funds can now be used during the construction phase for affordable housing to save project costs.

Application Process:

- Applicants may apply for both Industry and HOME funds if the application meets the geographic and target population requirements for both sources. This will allow applicants to submit only one application rather than two.
- Applications will be accepted on a first-come, first-served basis and, following approval, will be placed in a funding queue determined by the

date and time the applications are received until funds have been exhausted. This will meet funding needs of projects as they are ready, thereby increasing the number of projects funded.

- Projects that pass the threshold and technical evaluations will be reviewed by a loan committee, which will make recommendations to the Executive Director, and the funding decision will rest with the Board of Commissioners. This will streamline the approval process for applicants.
- Applications failing to meet threshold or minimum points will have an opportunity to reapply once within the same fiscal year.
- Applications for development proposals in incorporated cities will still require a letter of support from the city. This will demonstrate the cities' willingness to accept County funds. A letter of support will not be required for development proposals in the unincorporated areas; however, applicants must provide evidence that the project complies with the Consolidated Plan. Neither CDC, HACoLA, nor the Board of Supervisors can provide a letter of support, since they are all part of the approval process.

Set Asides

- Two primary funding categories will be under the Industry Program – Special Needs and Affordable housing. If there are no trends indicating a higher demand for Special Needs housing, any funds not used in the Special Needs category by the end of the fiscal year will be reallocated to the Affordable category at the beginning of the next fiscal year.
- The Senior Rentals category has been eliminated as a sub-category under the Affordable Housing category. Senior housing developments proposals will be eligible for funding through the Affordable Housing category. The City of Industry Plan approved by your Board on June 2, 1998, called for reserving funds for senior rentals as a sub-category under the Affordable Housing category.
- The Single Family Homeownership category has been eliminated as a sub-category under the Affordable Housing category. Single-family homeownership proposals are eligible for funding through a separate RFP. As you may recall, the City of Industry Plan approved by your Board on June 2, 1998, had called for reserving funds for Homeownership units as a sub-category under the Affordable Housing category. Historically, there have been far fewer requests for City of Industry homeownership funding than the amount of funds required to

be set aside for homeownership projects. As a result, homeownership funds have not been allocated due to lack of projects, yet the funds could not be transferred to other categories. This will enable the funds to be used for affordable rental housing, while still allowing homeownership projects to be eligible for City of Industry funds.

- Four special needs groups were added – Transitional Housing for Transition Age Youth (TAY); Permanent Housing for Transition Age Youth; Permanent Housing for Frequent Users of Department of Health Services and Department of Mental Health Emergency Facilities; and Permanent Housing for Homeless Families. These categories will enable the City of Industry funds to serve these under-housed populations.

Monitoring

- Instead of collecting a one-time fee for monitoring, an annual monitoring fee of \$141 per assisted unit (adjusted annually according to the Consumer Price Index) will be collected. This is consistent with policy the Board adopted for affordable housing in Marina del Rey and density bonus units.

Scoring

- The scoring changed to a 1,000 point scoring scale. Instead of 70 points, projects must score a minimum of 700 points to be considered for an award and a position in the funding queue. This will likely reduce the number of appeals.

The NOFA will be available to the public in December. If you have questions or concerns, please contact me or Bill Huang, Director of Housing Development and Preservation at (323) 890-7230.

CJ:WKH:ch

c: Each Deputy